

# **Texas Natural Gas Vehicle Grant Program (TNGVGP)**

**A Texas Emissions Reduction Plan (TERP) Program**





# Workshop Agenda

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- TERP Overview
- Program Overview
- Project Criteria
- Submitting a Grant Application
- Questions and Answers



# What is TERP?

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- Provides grants to reduce nitrogen oxides (NO<sub>x</sub>) emissions from mobile sources
- Supports programs to encourage the use of alternative fuels for transportation in Texas
- Helps to keep the air in Texas clean

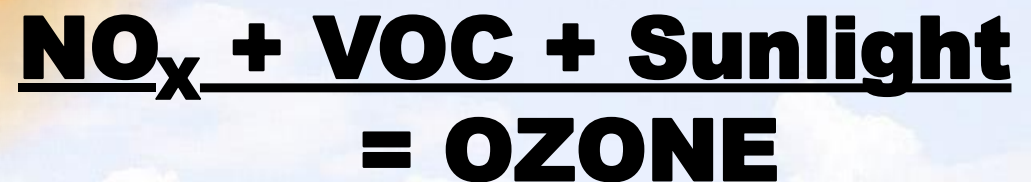
**GET MONEY TO UPGRADE OR REPLACE  
YOUR TRUCK OR EQUIPMENT - AND KEEP  
THE AIR CLEAN!**



# Why Reduce $\text{NO}_x$ Emissions?

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Ground level ozone is created by chemical reactions of  $\text{NO}_x$  and volatile organic compounds (VOC) in the presence of sunlight.







# How Does TERP Reduce NO<sub>x</sub> Emissions from Mobile Sources?

- Through the early retirement of heavy-duty vehicles and pieces of equipment, particularly those with large diesel engines
- By replacing older engines with newer models with more stringent federal emission standards for NO<sub>x</sub> and other pollutants





# **TERP Grant Programs**

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**Diesel Emissions Reduction Incentive (DERI) Program**

*Emissions Reduction Incentive Grants (ERIG) Program*

*Rebate Grants Programs*

*Third-Party Grants Program*

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**Texas Clean Fleet Program (TCFP)**

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**Texas Natural Gas Vehicle Grant Program (TNGVGP)**

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**Alternative Fueling Facilities Program (AFFP)**

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**Seaport and Rail Yard (SPRY) Areas Emissions Reduction Program**

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**Texas Clean School Bus (TCSB) Program**

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**New Technology Implementation Grants (NTIG) Program**

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**Light-Duty Motor Vehicle Purchase or Lease Incentive Program (LDPLI)**

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# **Texas Natural Gas Vehicle Grant Program (TNGVGP)**

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The TNGVGP provides grants to encourage an entity that has a heavy-duty or medium-duty motor vehicle to repower the vehicle with a natural gas engine or replace the vehicle with a natural gas vehicle.

Eligible natural gas fuels include:

- **Compressed Natural Gas (CNG);**
- **Liquefied Natural Gas (LNG); and**
- **Liquefied Petroleum Gas (LPG).**





# Program Overview

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- Approximately **\$15.4 million** is available for award under this Request for Grant Applications (RFGA).
- Grants are awarded on a **first-come, first-served** basis.
- Applications will be accepted until **May 31, 2019**, or until all grant funds have been awarded.
- Maximum Grant Amount Tables are provided in the RFGA.
- Applicants may be eligible for the maximum grant amount or 90% of the eligible costs, whichever is less.
- At least 75% of the annual use of the grant-funded vehicle must occur in one or more of the counties listed under the Clean Transportation Zone (CTZ).





# Eligible Applicants

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Eligible grant applicants include individuals, corporations, organizations, governments or governmental subdivisions or agencies, business trusts, partnerships, associations or any other legal entity.

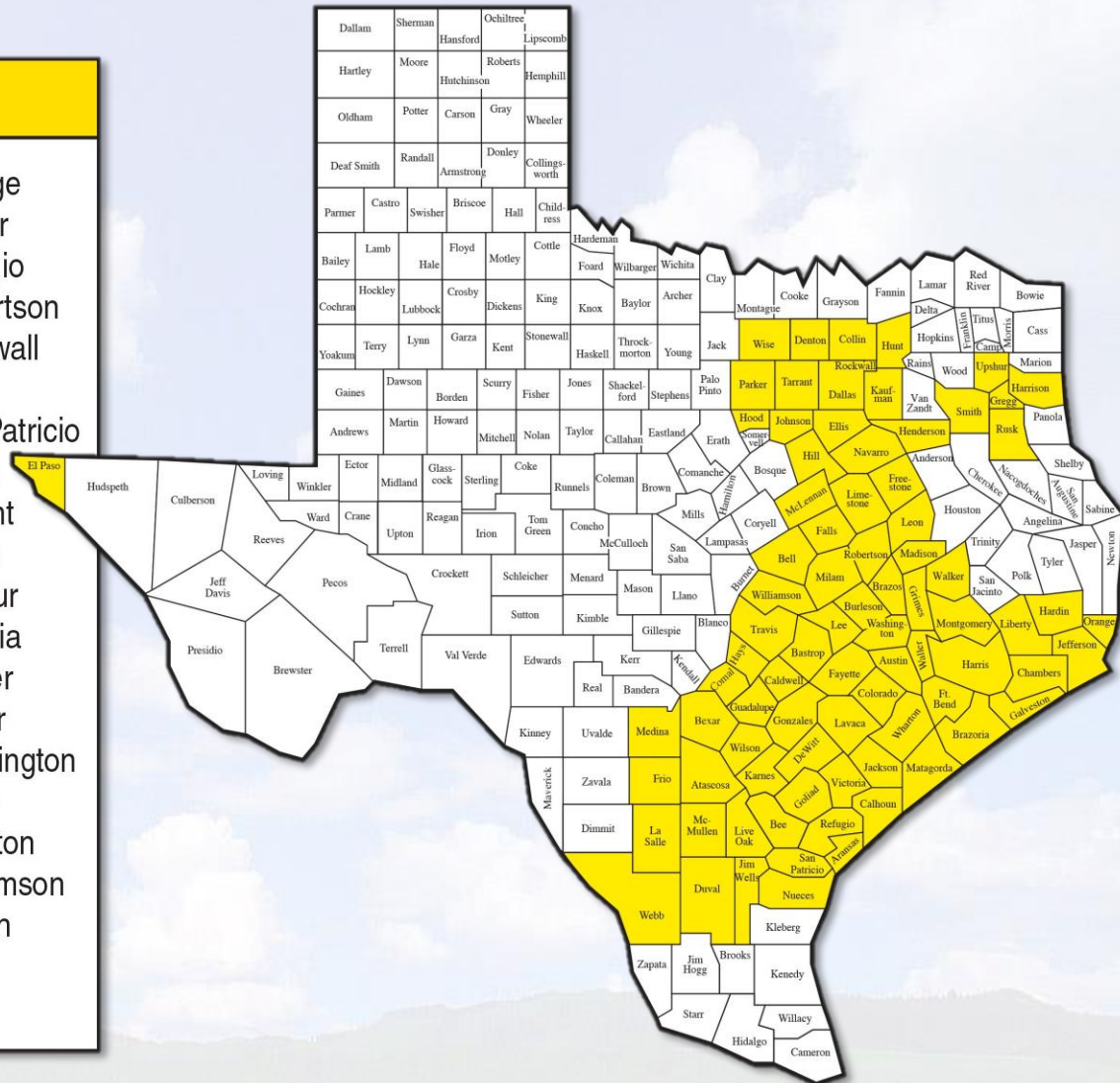


# TNGVGP Eligible Areas

## Clean Transportation Zone (CTZ)

### Eligible Counties

Aransas	Ellis	Jefferson	Orange
Atascosa	Falls	Jim Wells	Parker
Austin	Fayette	Johnson	Refugio
Bastrop	Fort Bend	Karnes	Robertson
Bee	Freestone	Kaufman	Rockwall
Bell	Frio	La Salle	Rusk
Bexar	Galveston	Lavaca	San Patricio
Brazoria	Goliad	Lee	Smith
Brazos	Gonzales	Leon	Tarrant
Burleson	Gregg	Liberty	Travis
Caldwell	Grimes	Limestone	Upshur
Calhoun	Guadalupe	Live Oak	Victoria
Chambers	Hardin	Madison	Walker
Collin	Harris	Matagorda	Waller
Colorado	Harrison	Medina	Washington
Comal	Hays	McLennan	Webb
Dallas	Henderson	McMullen	Wharton
Denton	Hill	Milam	Williamson
DeWitt	Hood	Montgomery	Wilson
Duval	Hunt	Navarro	Wise
El Paso	Jackson	Nueces	





# Eligible Project Types

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- **Replacement:** replace an on-road medium-duty or heavy-duty vehicle that runs on diesel or gasoline with a new natural gas or propane vehicle.
- **Repower:** repower an on-road medium-duty or heavy-duty vehicle that currently runs on diesel or gasoline with a natural gas or propane engine.



# **Vehicles Eligible for Replacement or Repower**

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- For at least the two years immediately preceding the submission of the grant application, the vehicle being replaced or repowered must have been:
  - owned, leased, or otherwise commercially financed by the applicant;
  - continuously registered in Texas;
  - continuously inspected; and
  - operated for at least 75% of its annual use by the applicant in Texas.
- Applicants may also apply under the alternative standards for ownership and use of the vehicle being replaced.





# Supporting Documentation

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- Applicants must submit documentation with the application to show compliance with the ownership or lease and registration requirements.
- The vehicle being replaced or repowered must be certified by a qualified mechanic to be in good running condition and capable of performing its primary function for at least four more years.
- Applicants with apportioned registrations must provide usage summaries showing that the vehicle being replaced or repowered was operated in Texas for at least 75% of its total use over the previous two-years.



# Hurricane Harvey Exception

**Exceptions** to some of the general program requirements may be granted to applicants replacing or repowering **vehicles or engines destroyed by Hurricane Harvey**:

- Download the **Hurricane Harvey Exception Form** from the TERP website [www.terpgrants.org](http://www.terpgrants.org). Complete and submit the form with the project application.
- Disclose any and all **insurance claims and payments received** or to be received for the vehicle or engine.
- Secure a **Texas Non-repairable Vehicle Title** for the destroyed vehicle to submit with the project application.
- Include **color photographs** of the destroyed vehicle or engine with the application.



# Replacement Projects

Replace an on-road medium-duty or heavy-duty vehicle that runs on diesel or gasoline with a **new natural gas or propane vehicle.**





# **Eligible Replacement Vehicles**

## **Eligible replacement vehicles must be:**

- included on the list of eligible vehicles and engines published by the TCEQ and must meet the criteria established for inclusion on that list;
- certified by the EPA to the current federal emissions standard or a lower family emissions limit (FEL);
- certified by the EPA to emit at least 25% less NO<sub>x</sub> than the vehicle and/or engine being replaced;
- equipped with an engine able to receive at least 60% of its power from CNG, LNG, or LPG;
- a new natural gas vehicle with a gross vehicle weight rating (GVWR) of more than 8,500 pounds; and
- of similar vehicle type, weight category, and body and axle configuration as the vehicle being replaced.





# Repower Projects

Repower an on-road medium-duty or heavy-duty vehicle that currently runs on diesel or gasoline with a **natural gas or propane engine**. A repower project may include:

- the replacement of the engine on an existing vehicle with a different eligible engine; or
- the conversion of the vehicle or engine with an eligible conversion system.





# Eligible Replacement Engines and Conversion Systems

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- The engine or conversion system must be included on the list of eligible vehicles and engines published by the TCEQ and must meet the criteria established for inclusion on that list.
- A replacement engine must be certified by the EPA to the current federal emissions standards or a lower FEL.
- A replacement engine must be certified by the EPA to emit at least 25% less NO<sub>x</sub> than the engine being replaced.
- A conversion system must be certified or approved by the EPA for installation on the engine being converted.



# **Eligible Replacement Engines and Conversion Systems (cont.)**

- A conversion system must be certified by the EPA to the current federal emissions standards or a lower FEL, or otherwise accepted by the TCEQ as meeting the emissions criteria.
- A conversion system must be certified by the EPA to a NO<sub>x</sub> emissions standard or FEL, or otherwise accepted by the TCEQ as meeting an emissions standard, that is at least 25% less than the emissions standard or FEL of the original engine.
- The replacement or converted engine must receive not less than 60% of its power from CNG, LNG, or LPG.



# List of Eligible Vehicles, Engines, and Conversion Systems

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- The List of Eligible Natural Gas Vehicles, Engines, and Conversion Systems is available on the TERP website at [www.terpgrants.org](http://www.terpgrants.org).
- The TCEQ will regularly update the list.
- Inclusion on the list does not guarantee funding.
- If a natural gas vehicle, engine, or conversion system is not currently on the list, applicants may contact the TCEQ and program staff will contact the manufacturer to determine if the vehicle, engine, or conversion system should be included.
- Applicants should also work with their chosen dealer to contact the manufacturer to determine eligibility and to provide information to the TCEQ regarding a vehicle, engine, or conversion system that should be included on the list.





# Maximum Grant Amounts

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- Maximum Grant Amounts for replacement and repower projects are listed in the Maximum Grant Amount tables in the RFGA.
- Grant awards will reimburse the maximum grant amount, up to 90% of the incremental cost to replace or repower the existing vehicle.
- Applicants must disclose in their application all other financial incentives and tax credits received or that are expected to be received.



# Contracts

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- A contract will be sent to the selected applicant to sign and return.
- A Notice to Proceed will be sent to the applicant after the contract is executed.
- Until a Notice to Proceed is received, purchases made by the grantee are made at their own risk.



# Reimbursement of Expenses

- Grant award payments for eligible expenses are made on a reimbursement basis.
- Documentation is required to show that the expenses have been incurred and paid, and that the equipment and services have been received by the grant recipient.
- The grant recipient may submit a request for reimbursement as the purchases are completed.





# Disposition

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- Once the grant has been awarded, the grantee must complete the disposition process within 90 days of reimbursement.
- The grantee must choose one of the following options for disposition of the vehicle or engine being replaced:
  - Standard Disposition
  - Permanent Removal from Texas
  - Alternative Destruction





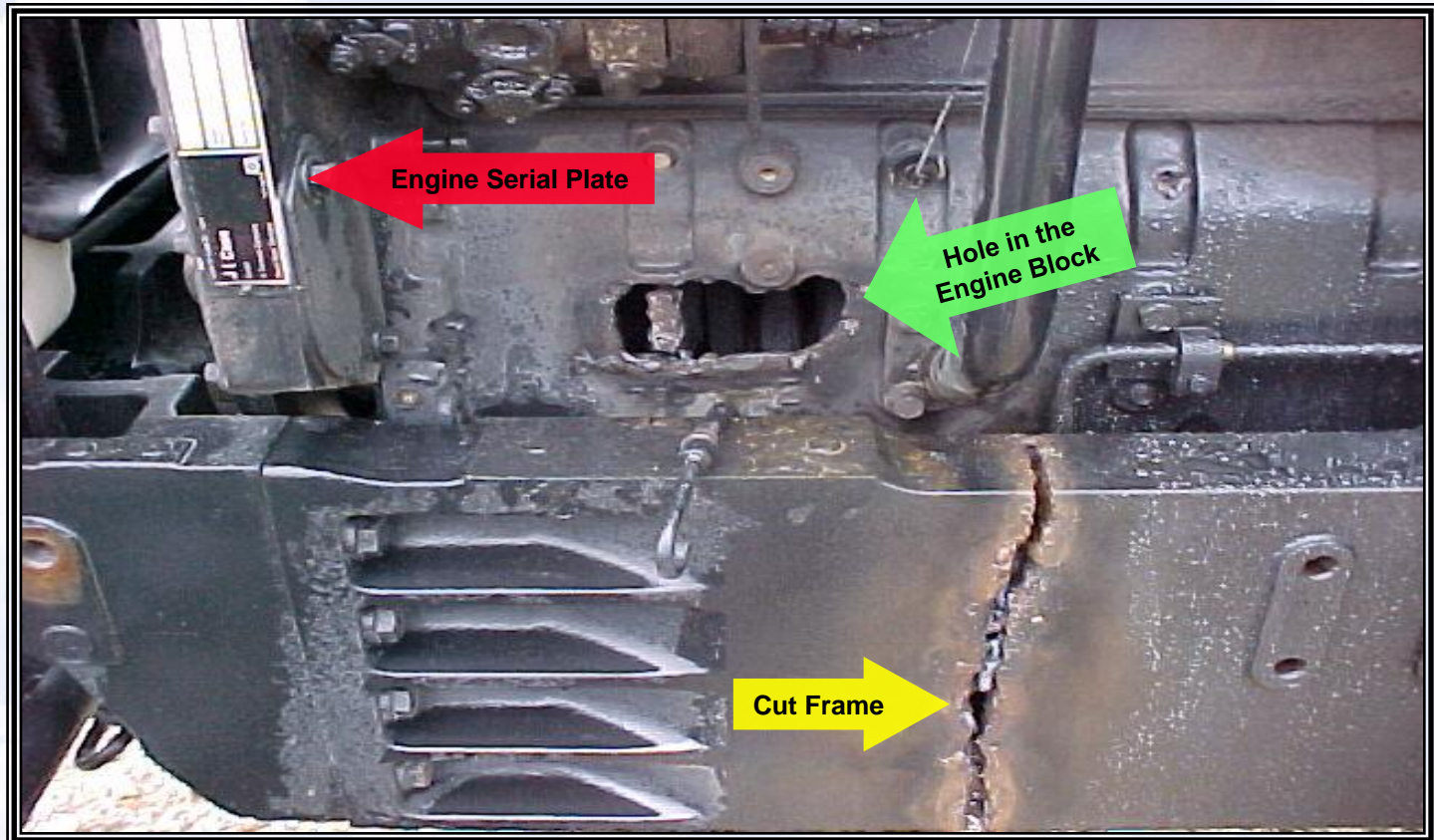
# Standard Disposition

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- Rendering the vehicle and engine being replaced permanently inoperable by:
  - crushing the vehicle and engine; or
  - drilling a 3-inch or larger hole in the engine block on both sides and cutting both frame rails in half or other preapproved alternative.
- For destroyed vehicles, applicants must submit a copy of a Texas Non-repairable Vehicle Title



# Standard Disposition





# Alternative Disposition

- **Permanent removal of vehicles from North America**
  - Export the vehicle(s) to a destination **outside of North America** (United States, Canada, and United Mexican States).
  - Submit to the TCEQ a detailed plan for the export and transfer of ownership of the vehicles in writing.
  - The exported vehicle(s) **may not return to North America.**





# Alternative Destruction

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- Applicants may request in the application forms TCEQ approval of an alternative method for rendering the vehicle and engine permanently inoperable.
- If the alternative destruction method is not approved by the TCEQ, adhere to the standard destruction methods.
- If the alternative destruction method is approved, that approval will be included in the grant contract.





# Monitoring and Reporting

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- At least 75% of the annual usage of the grant-funded vehicle must occur in one or more of the counties listed under the Clean Transportation Zone (CTZ).
- The operational commitment period is the earlier of the fourth anniversary of the date of reimbursement or the date the vehicle has been in operation for 400,000 miles after the date of reimbursement.
- Annual reports on the use of the grant-funded equipment will be required for the life of the project, using the forms provided by the TCEQ.
- If the grantee installs a global positioning system (GPS) from the TCEQ-authorized contractor, the TCEQ may accept the reports available from the GPS service provider.



# How can I get help?

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- **TERP staff is available to assist with the application process free of charge.**
  - Application assistance sessions will be scheduled in several of the eligible areas.
  - TCEQ staff are available to answer questions by phone or walk-in appointment at the TERP offices in Austin.
- Consultants may be available to assist with the application process.
  - The TCEQ has no business relationship with these consultants.
  - It is the applicant's choice to work with a consultant.
  - Consultant fees for the preparation of a grant application, either directly or as an addition to the cost basis of the grant funded vehicle, equipment, or engine, are not eligible costs.



# Submitting the Grant Application

**Completed grant applications may be submitted to the TCEQ in person or by mail:**

**Regular Mail:**

Texas Commission on Environmental Quality  
Air Quality Division  
Implementation Grants Section (TNGVGP), MC-204  
P.O. Box 13087  
Austin, TX 78711-3087

**Express Mail (or in-person delivery):**

Texas Commission on Environmental Quality  
Air Quality Planning Division  
Implementation Grants Section (TNGVGP), MC-204  
12100 Park 35 Circle, Bldg. F  
Austin, TX 78753





# Submitting the Grant Application

Applicants may now submit their grant applications electronically through TCEQ's TERPonline Portal !

A link to the portal will be available on the TNGVGP page of the TERP website.

- ✓ Follow the link.
- ✓ Download the User's Guide.
- ✓ Create your account.

Staff will be available for assistance.








# TERP E-Mail Updates

[www.terpgrants.org](http://www.terpgrants.org)

**TEXAS COMMISSION  
ON ENVIRONMENTAL QUALITY**

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**Texas Emissions Reduction Plan (TERP)**

The TERP program provides financial incentives to eligible individuals, businesses, or local governments to reduce emissions from polluting vehicles and equipment.



**GET MONEY TO UPGRADE OR  
REPLACE YOUR TRUCK OR  
EQUIPMENT—AND CLEAR THE AIR!**

New and upgraded equipment pollutes less, improving the air quality in Texas. **Grant applications are accepted at different times throughout the year, depending on available funds.**

We believe these to be taxable grants. Please consult with your tax advisor.

**NEW ITEMS:**

**Proposed Revisions to TERP Rules and Guidelines**  
*Proposed Rulemaking*  
The TCEQ has proposed revisions to the rules for the TERP Drayage Truck Incentive Program under 30 Texas Administrative Code Chapter 114, Control of Air Pollution From Motor Vehicles, §114.680 and §114.682. Copies of the proposed revisions

**Upcoming TERP Meetings and Workshops**

- Information for potential applicants and interested parties: grant program workshops, application assistance sessions, and public meetings.

**Need more information?**  
Call (toll-free)  
**800-919-TERP (8377)**  
Or see [other contact info.](#)

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# TNGVGP Contact

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[www.terpgrants.org](http://www.terpgrants.org)



**We Are  
Here To  
Help!**